

**EIGHTY-FIFTH GENERAL ASSEMBLY
2013 REGULAR SESSION
DAILY
HOUSE CLIP SHEET**

APRIL 30, 2013

SENATE FILE 406

H-1372

1 Amend the amendment, H-1251, to Senate File 406, as
2 passed by the Senate, as follows:

3 1. By striking page 1, line 1, through page 2, line
4 36, and inserting:

5 <Amend Senate File 406, as passed by the Senate, as
6 follows:

7 _____. Page 1, line 13, after <law.> by inserting
8 <The person appointed as administrator must meet the
9 qualifications to be appointed as a mental health
10 advocate.>

11 _____. Page 1, line 17, after <advocate.> by
12 inserting <A mental health advocate serving as of June
13 30, 2013, shall be deemed to be qualified.>

14 _____. Page 1, line 22, by striking <or nursing> and
15 inserting <nursing, or psychology,>

16 _____. Page 1, line 29, after <advocates.> by
17 inserting <The procedures for filling a vacant mental
18 health advocate position assigned to a geographic area
19 shall require the individual filling the vacancy to
20 reside within the assigned geographic area.>

21 _____. Page 8, by striking lines 32 through 35 and
22 inserting:

23 <1. The full-time or part-time county employees or
24 independent contractors paid for mental health advocate
25 services under section 229.19 immediately prior to
26 July 1, 2014, shall be appointed as mental health
27 advocates pursuant to section 216A.172 and shall become
28 employees>

29 _____. Page 9, line 4, by striking <salaries>

30 _____. Page 9, line 8, by striking <inspections and
31 appeals> and inserting <human rights>

32 _____. Page 9, line 31, by striking <full-time>

33 _____. Page 9, line 32, by striking <full-time>

34 _____. Page 10, line 24, by striking <full-time>

35 _____. Page 10, line 25, by striking <full-time>>

36 2. By renumbering as necessary.

By M. SMITH of Marshall

H-1372 FILED APRIL 29, 2013

Fiscal Note

Fiscal Services Division



HF 643 – Water Utility Replacement Tax (LSB 1427HV)

Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.iowa.gov)

Fiscal Note Version – New

Description

House File 643 exempts rate-regulated water utility companies from property taxation and puts in place a replacement tax system based on the volume of water sold to consumers. This Bill also subjects the property to a special state property tax equal to three cents per thousand of assessed property value. This Bill is effective retroactive to property assessment year 2013.

Background

There is currently one rate-regulated water utility operating in Iowa. That company serves the Clinton and Quad Cities areas. The company's property tax statement was \$2,978,000 for FY 2013.

Assumptions

- The total taxable value of all water utility companies in Iowa has grown at an average annual rate of 2.7% per year from assessment year (AY) 1999 through AY 2012. The one rate-regulated company represents more than 90.0% of all water utility company taxable value in the state.
- From FY 2001 through FY 2013, the average property tax rate for the combination of Clinton and Scott counties has increased at an average annual rate of 1.4% per year.
- From calendar year (CY) 2008 through CY 2012, the gallons of water sold to customers by the water company decreased at an average annual rate of 0.3% per year.

Fiscal Impact

Under current law, the future change in the taxable value of the water company, as well as the change in the property tax rate, is not known. Recent taxable value and rate history indicates that under current law, the total tax bill of the company should be expected to increase each year by 4.0% or more per year.

Under **HF 643**, the property tax statement of the company will change only with the increase or decrease in the gallons of water sold. Recent history indicates that gallons sold have declined slightly. Therefore, the company's property tax statement, when based on gallons sold, could be expected to also decline slightly through the years.

The new replacement tax system is projected to change the company's property tax statement from one that increases 4.0% or more per year, to one that decreases slightly each year. This Bill contains a provision that will keep property tax revenue paid to the impacted local government's level for three fiscal years.

This Bill also creates a special state property tax to be paid by the company, with the revenue from the tax deposited to the State General Fund. This will increase General Fund revenue by less than \$4,500 per year, beginning in FY 2015.

Sources

Department of Management property tax files
Iowa American Water Company
Department of Revenue
Utilities Board

/s/ Holly M. Lyons

April 29, 2013

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

Fiscal Note

Fiscal Services Division



HF 644 – E911 Surcharge Equalization (LSB 1422HZ)

Analyst: Jennifer Acton (Phone: (515) 281-7846) (jennifer.acton@legis.iowa.gov)

Fiscal Note Version – As amended and passed by the House Ways and Means Committee

Description

House File 644 eliminates the existing voter referendum requirement regarding the imposition of the local wireline E911 service surcharge and the alternative surcharge applicable to wireline communications. The Bill imposes a \$1.00 surcharge for both the wireline and wireless E911 programs and reinstates the wireless carrier cost recovery for Phase 1 services. The bill also requires the E911 Program Manager, in consultation with the E911 Communications Council, to establish methodology for the collection of data on all costs and expenses related to the operation of a PSAP (public safety answering point). The data collection will begin no later than January 1, 2014, with a report submitted to the General Assembly by March 1, 2016, and every two years thereafter. The Auditor of the State will perform an initial audit of the data collection beginning July 1, 2014, with the audit results submitted at the same time as the report. Expenses for the audit will be paid from the E911 Emergency Communications Fund. Failure to submit expenses and costs by the county joint E911 service board will result in a \$0.35 penalty out of the \$1.00 surcharge. The Bill requires the Homeland Security and Emergency Management Division to conduct a study to identify E911 operations and expense efficiencies, to be submitted in a report to the General Assembly by July 1, 2014.

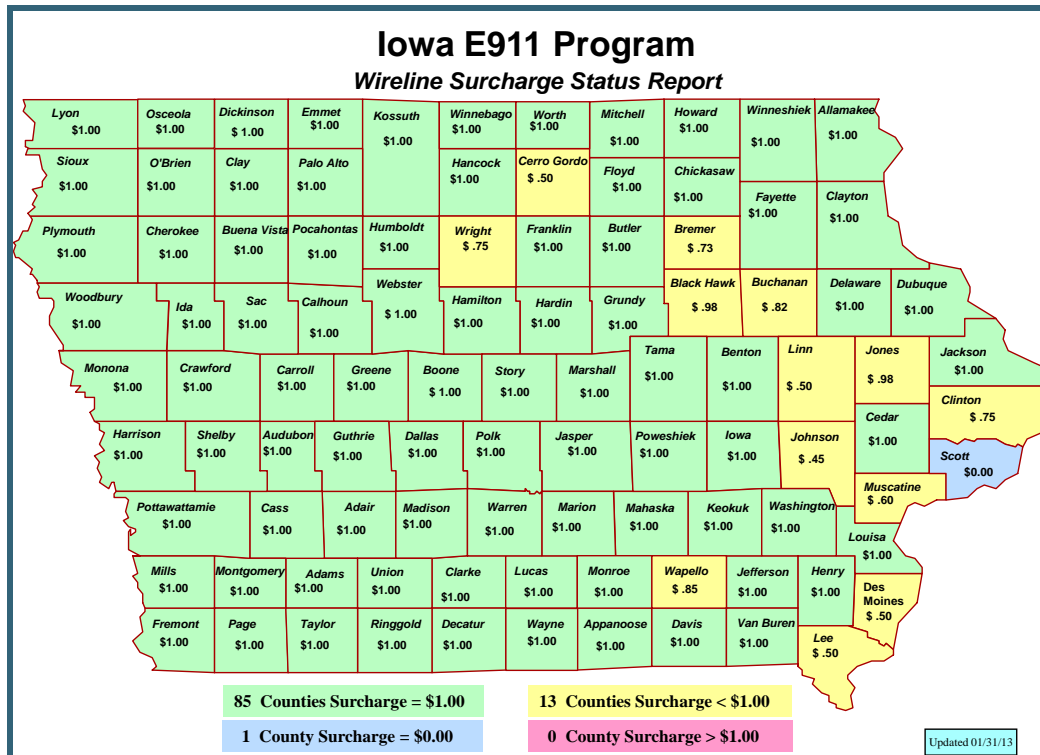
Background

Wireline

House File 644 eliminates the voter referendum and the alternative surcharge on wireline services and increases the wireline surcharge paid per access line to \$1.00. As of January 31, 2013, 85 counties had a \$1.00 wireline surcharge. Thirteen counties had surcharges less than \$1.00, and one county charged nothing for the wireline surcharge (paid through county taxes).

Senate File 2332 (Enhanced 911 Emergency Communications Act), enacted by the 2012 General Assembly, imposed a temporary moratorium on the alternative surcharge until 150 days after the submission or recommendations by the E911 Task Force. The task force submitted its report to the General Assembly December 1, 2012. The alternative surcharge permitted up to \$2.50 per month, per telephone access line to be in place for 24 months, after that date, the surcharge will revert to \$1.00 per month, per access line. All increases beyond \$1.00 will require a voter referendum for each 24-month period.

Washington County voters approved the alternative surcharge at \$1.50 from 2004 through 2012, when the moratorium was put place. From 2004 to 2012, other counties that approved the alternative surcharge include Mitchell and Shelby counties. The following map shows the current surcharge in each county.



Money from the wireline surcharge is used for recurring and nonrecurring costs to the system. Nonrecurring costs include but are not limited to network equipment for PSAPs, software, database, addressing, training, and other capital expenditures, including the purchase or lease of subscriber names, addresses, and telephone information from the local exchange provider. Recurring costs include but are not limited to network access fees and other telephone charges, software, equipment, and database management, and maintenance, including the purchase or lease of subscriber names, addresses, and telephone information from the local exchange service provider. Recurring costs cannot be used for personnel. Personnel costs are paid from county or city funds, depending on the PSAP. There are currently 117 PSAPs.

Wireless

[House File 644](#) also increases the current \$0.65 wireless surcharge to \$1.00. Beginning January 1, 1999, the state implemented a \$0.50 wireless E911 surcharge. The surcharge rate was increased to \$0.65 effective July 1, 2004. The surcharge is collected by the wireless service providers and remitted to the State E911 Program, under the Homeland Security and Emergency Management Division, on a quarterly basis.

The current \$0.65 wireless surcharge per quarter distribution is as follows:

- \$62,500 for administration, including 2.0 FTE positions, an annual audit, and program operating costs.
- The actual amount for wireline transport costs for local telephone companies to reimburse for transporting the wireless E911 call from the selective router to the PSAP.
- The actual amount for automated location information costs for local carriers to provide Automatic Location Information (ALI) database services and selective routing.
- 46.0% of the total surcharge generated is distributed to the PSAPs based on the following formula: 65.0% based on the square mileage of the local 911 service area and 35.0% on the volume of wireless E911 calls received by the PSAPs.
- Any funds remaining are deposited in the Wireless Surcharge Carryover Fund to be used for network capacity increases, upgrades, and PSAP projects.

[Senate File 2332](#) (Enhanced 911 Emergency Communications Act), enacted by the 2012 General Assembly, eliminated wireless carrier cost recovery for Phase 1 expenses. Prior to this, 21.0% of the total amount of the surcharge generated per calendar quarter was allocated to wireless carriers to recover their costs to deliver E911 Phase 1 services (call-back number and tower location of the call). In the early 2000s, the Federal Communications Commission (FCC) stated there was no need for a government-mandated carrier cost recovery mechanism, noting that carriers are free to recover these costs in their charges to customers, either through their service rates or through specific surcharges on customer bills. However, the commission emphasized that states are free to have a carrier cost recovery mechanism in place if they so choose.

Assumptions

- There are approximately 1,299,000 wireline subscribers in Iowa.
- There are approximately 2,256,000 wireless phone subscribers in Iowa.

Fiscal Impacts

- Increasing the surcharge from \$0.65 to \$1.00 per calendar quarter is estimated to result in increased revenue of \$1.6 million per quarter, or \$6.4 million a year.
- Restoring the wireless carrier cost recovery provision for Phase 1 services at the \$1.00 surcharge rate would allocate 13.0% of revenues, or an estimated \$780,000 per quarter. This restores a similar amount previously allocated under the \$0.65 surcharge rate.

WIRELINE

The fiscal impact at the local level for additional wireline revenue is estimated to be additional revenue of \$3,456,000 per year in total for the 14 counties that are currently charging less than \$1.00 for the wireline surcharge.

WIRELESS

The following chart reflects the estimated fiscal impact of increasing the wireless surcharge from \$0.65 to \$1.00.

| Current Law - \$0.65 wireless surcharge per quarter | | House File 510 - \$1.00 wireless surcharge per quarter | |
|--|---------------------|---|---------------------|
| REVENUE | Estimated | REVENUE | Estimated |
| Surcharge Revenue | \$ 4,400,000 | Surcharge Revenue | \$ 6,000,000 |
| Funds for HSEMD to administer program | (62,500) | Funds for HSEMD to administer program | (62,500) |
| Interest | 7,000 | Interest | 7,000 |
| Expenditures | (250) | Expenditures | (250) |
| | <u>\$ 4,344,250</u> | | <u>\$ 5,944,250</u> |
| PAYMENTS | | PAYMENTS | |
| Wireline Transport Costs | \$ 300,000 | Wireline Transport Costs | \$ 300,000 |
| Automatic Location Info. (ALI) Costs | 1,500,000 | ALI/Transport | 1,500,000 |
| PSAPS (46%) | 2,024,000 | PSAPS (46%) | 2,760,000 |
| Total Payments | <u>\$ 3,824,000</u> | Carriers (13%) | 780,000 |
| | | Total Payments | <u>\$ 5,340,000</u> |
| OVERALL SUMMARY | | OVERALL SUMMARY | |
| Surcharge | \$ 4,344,250 | Surcharge | \$ 5,944,250 |
| Payments | (3,824,000) | Payments | (5,340,000) |
| Carryover | <u>\$ 520,250</u> | Carryover | <u>\$ 604,250</u> |

Sources

Homeland Security and Emergency Management Division, E911 Program Manager
Iowa Utilities Board

/s/Holly M. Lyons

April 29, 2013

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
